

Message Text

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ORIGIN EB-11

INFO OCT-01 EA-11 ADP-00 IO-12 CIAE-00 DODE-00 PM-09 H-02

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-12 COME-00 CIEP-02 TRSE-00 OMB-01 INT-08 GSA-01

OEP-01 AID-20 /134 R

DRAFTED BY EB/ ISM: JCCURRAN: RDM

4/25/73 EXT. 22231

APPROVED BY EB/ ICD: JBKYLE

EA/ ANZ: WVHALL

----- 031699

R 252032 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY CANBERRA

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E. O. 11652: N/ A

TAGS: EIND, EMIN, ETRD, US, AS

SUBJECT: STOCKPILE DISPOSAL CONSULTATIONS

REF: STATE 70365

1. CONSULTATIONS INDICATED REFTEL WERE HELD IN DEPARTMENT APRIL 16 WITH AUSTRALIAN EMBASSY COMMERCIAL COUNSELOR FRAWLEY. DEPARTMENT SPOKESMAN WAS EB/ ISM DIV CHIEF CURRAN.

2. FRAWLEY WAS GIVEN COPIES OF PRESIDENT' S STOCKPILE MESSAGE TO CONGRESS, WHITE HOUSE FACT SHEET, DRAFT LEGISLATION AND NEW OEP LIST OF STOCKPILE OBJECTIVES. CURRAN THEN EXPLAINED PROPOSALS TO ACCELERATE EXISTING DISPOSAL PLANS, AS DESCRIBED REFTEL, FOR LEAD, RARE EARTHS, RUTILE, TIN, TUNGSTEN, ZINC. DEPARTMENT DATA SHEET WAS ALSO PROVIDED, SHOWING ALL STOCKPILE DATA ON THESE COMMODITIES CONTAINED REFTEL AND PRECEDING STOCKPILE DEPTELS.

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3. EXPLAINING THAT THIS CONSULTATION WAS CHIEFLY INTENDED CONVEY INFORMATION FOR TRANSMITTAL TO GOA, CURRAN URGED THAT AUSTRALIAN EMBASSY MAKE EVERY EFFORT RESPOND TO USG PROPOSALS WITHIN TEN WORKING DAYS OF THIS MEETING. FRAWLEY STATED HE WOULD CONVEY INFORMATION WITHOUT DELAY.

4. FRAWLEY REQUESTED INFORMATION ON ACCELERATED DISPOSAL OF METALLURGICAL GRADE MANGANESE ORE BECAUSE OF MANGANESE ORE BODY UNDER DEVELOPMENT IN CAPE YORK AREA OF QUEENSLAND (PARA 20 OF REFTEL HAS PROGRAM FIGURES). HE ALSO WISHED TO KNOW WHY NO RPT NO CONSULTATIONS BEING HELD ON ALUMINUM AND BAUXITE, AND HOW GSA PLANNED TO MARKET TUNGSTEN. HE ALSO STATED HE BELIEVED 15,000 TONS OF TIN PER YEAR WAS TOO HIGH A DISPOSAL RATE AND WANTED TO KNOW IF IT WAS A NEGOTIABLE FIGURE.

5. IN RESPONSE, FRAWLEY WAS TOLD:

A. ALL ALUMINUM PRESENTLY AVAILABLE FOR DISPOSAL IS TIED TO LONG- TERM " BUY- BACK " CONTRACTS WITH MAJOR U. S. ALUMINUM COMPANIES AND ALCAN. ANY ACCELERATION OF AGREED RATE OF DRAW- DOWN OF ALUMINUM WILL HAVE TO BE WORKED OUT BETWEEN GSA AND COMPANIES.

B. BAUXITE AVAILABLE CONSISTS OF 1.37 MILLION LONG DRY TONS (LDT) OF JAMAICA TYPE, WHICH GSA HAS BEEN TRYING TO SELL TO DOMESTIC INDUSTRY FOR AT LEAST TWO YEARS; NONE HAS BEEN SOLD, AND " BUY- BACK " ARRANGEMENT IS PROBABLY ONLY POSSIBLE WAY IT CAN BE SOLD. (ANOTHER 781,000 TONS OF BAUXITE IS AVAILABLE AND ALREADY COMMITTED ON LONG- TERM CONTRACT, BUT NO DRAW- DOWN HAS BEEN MADE SINCE MARCH 1972.)

C. TUNGSTEN IS NOW SELLING IN U. S. AT ABOUT 42 DOLS PER SHORT TON UNIT (STU) -- UP FROM 34 DOLS IN JANUARY -- WHILE GSA HAS DELIBERATELY KEPT OUT OF OVER- SUPPLIED MARKET UNTIL NOW BY REFUSING TO SELL BELOW 55 DOLS/ STU. UNDER NEW POLICY, GSA WILL BE MORE AGGRESSIVE AND WILL SELL AT PREVAILING PRICES.

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D. TIN FIGURE WAS PROPOSAL FOR PRODUCER COUNTRIES AND ITC TO CONSIDER; USG WOULD LISTEN TO REASONABLE COUNTER- PROPOSALS, BUT IS DETERMINED TO SELL TIN.

6. ON APRIL 19, FRAWLEY SENT LETTER ON TIN TO DEPT SUMMARY OF TEXT IN FOLLOWING TELEGRAM. ROGERS

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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